

REPORT TO CABINET

REPORT OF: CORPORATE DIRECTOR (COMMUNITY SERVICES)

REPORT NO: DCS 37

DATE: 9TH JANUARY 2006

TITLE:	THE ALLOCATION OF INCOME FROM REDUCED DISCOUNT OF COUNCIL TAX ON SECOND HOMES
FORWARD PLAN ITEM:	Yes
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	16 TH September 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	Key Decision
COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	COUNCILLOR LINDA NEAL, LEADER OF THE COUNCIL AND STRATEGIC PARTNERSHIPS PORTFOLIO. COUNCILLOR TERYL BRYANT ASSETS AND RESOURCES PORTFOLIO
CORPORATE PRIORITY:	This report relates to a number of A priorities including Affordable Housing, Town Centre Regeneration and Anti Social Behaviour
CRIME AND DISORDER IMPLICATIONS:	Community Safety is one of the four strategic aims of the Local Strategic Partnership
FREEDOM OF INFORMATION ACT IMPLICATIONS:	N/A
BACKGROUND PAPERS:	N/A

1.0 INTRODUCTION

- 1.1 This report outlines an opportunity that has arisen to submit proposed schemes to Lincolnshire County Council for the use of additional income arising from the reduced discount of council tax on second homes.
- 1.2 District Councils have been invited by Lincolnshire County to submit proposals for schemes that are of mutual benefit to both the district concerned and the County. Given the increased emphasis being placed upon both tiers of local

government to develop and promote excellence in partnership working and the increase importance being placed on Local Strategic Partnerships to deliver the outcomes of Local Area Agreements, it is proposed to request the County Council to make a grant towards the development of the South Kesteven Local Strategic Partnership.

2.0 RECOMMENDATIONS

It is recommended that Cabinet:

- 2.1 Approve a request to Lincolnshire County Council for a grant allocation from the additional income raised from council tax on second homes.**
- 2.2 To agree that the grant be allocated for use by the Local Strategic Partnership to assist in the development of schemes and projects identified in the draft Community Plan 2006-2009.**
- 2.3 To note that the grant in respect of 2005/2006 will be paid alongside the payment for 2006/2007.**

3.0 DETAILS OF REPORT

National Position

- 3.1 Since 2004/05, Council tax billing authorities (in shire areas these are district councils) have had powers to reduce the discount on second homes from 50% to a minimum of 10%.
- 3.2 With no other alterations, this would have the effect of increasing the Council tax base which would in turn reduce central government revenue support grant.
- 3.3 Therefore, to encourage billing authorities to reduce the discount, council tax regulations provide that the additional income (up to 40% discount) is excluded from the Council tax base used for purposes of the calculation of revenue support grant.
- 3.4 In all other respects this forms part of the Council tax base and therefore, by reducing the discount below 50%, billing authorities will generate additional income, not only for themselves, but also for precepting authorities. In shire areas the main beneficiaries will be county councils.

Current Position in Lincolnshire

None of the billing authorities amended the level of discount in 2004/05.

All reduced the discount to the minimum of 10% for 2005/06 onwards.

The County Council agreed that it would spend its additional income in the relevant districts on agreed schemes of mutual benefit to the district concerned and the county. In order to keep the administration simple it has

been proposed that, subject to the schemes being agreed, the funds would be paid over to the district in the form of a grant, probably 50% at the start of the year and 50% at the end of the year.

Scheme

As part of the budget process, district councils notify the County Council of the Council tax base each January. They will also notify the County Council of that part of the council tax base which is the reduced second homes discount.

This will enable the County Council to determine the estimated additional income it will receive. Subsequently, this level of grant will be adjusted in line with adjustments made in accounting for this additional tax on government returns.

Each district council will as soon as possible submit proposed scheme(s) for which it is applying for grant. The criterion is that each scheme should be of mutual benefit to the district concerned and the county. The County Council will as soon as possible notify each district if each scheme has been approved.

Subject to the scheme(s) being approved, the County Council will pay 50% of the grant at the beginning of the financial year. At the end of the year the second 50% will be paid subject to the County Council receiving a report on the scheme and confirmation that the appropriate level of funds has been spent.

Special Arrangements for 2005/06

The 2005/06 council tax base notified by the district councils to the County Council for tax setting purposes was not done on a consistent basis. Four districts included the additional amount caused by removal of the discount; three did not. Details are shown in Table 1 below:-

Table 1

	Second Home Discount – additional tax base – County Council additional income	
District	Included £000	Excluded £000
Boston		76
East Lindsey		524
Lincoln	33	
North Kesteven	42	
South Holland	47	
South Kesteven		64
West Lindsey	38	
Total	160	664

For those three authorities that excluded the additional Council tax base, the grant in respect of 2005/06 will be paid during 2006/07.

4.0 OTHER OPTIONS CONSIDERED AND ASSESSED

- 4.1 In considering other options thought has been given to other mutually important priorities shared by the County Council and South Kesteven District Council. Themes such as community safety, economic development and support to the voluntary sector have been considered.
- 4.2 It is the case that many funding opportunities open to partnerships organisations are not available to local authorities. If this funding is made available to the Local Strategic Partnership opportunities may exist to use the grant as matched funding to support a range of projects within the district. Since the Local Strategic Partnership and the District Council are strategically aligned there are opportunities for mutual gain.

5.0 COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

- 5.1 I have been consulted and involved in the preparation of this report.

6.0 COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

- 6.1 No comment.

7.0 CONCLUSIONS

- 7.1 The Local Strategic Partnership has developed four strategic aims following extensive consultation with local people. They are:

- Affordable housing and sustainable communities.
- Improved transport and access.
- Improved town centres and economic development.
- Community safety.

- 7.2 The L.S.P will also address the five themes outlined by government in the local Area agreements. These themes are also being addressed by the County Council. The themes are identified in the South Kesteven's draft Community Plan 2006-2009 to be addressed through the evolving L.S.P. Action Plan. If the grant arising from the council tax on second homes is approved, allocating funds to the Local Strategic Partnership will facilitate a more integrated and coherent approach to project development and implementation.

8.0 CONTACT OFFICER

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